

Housing

President Bush understands that homeownership helps create an ownership society where more Americans have a stake in the American dream, so he has made expanding homeownership opportunities a priority, particularly for first-time, minority, and low-income buyers. At the same time, he is committed to dismantling the barriers to homeownership and to providing housing assistance to those most in need.

Today, more Americans have achieved the dream of homeownership than at any time in our Nation's history: 69 percent of households own their homes. For the first time ever, in 2004, a majority of minority households own their own homes. The FY 2006 Budget supports ambitious goals to:

- Add 5.5 million new minority homeowners by 2010 (goal set in 2002)—1.9 million new minority homeowners have been added since we launched the initiative; and
- Increase the supply of affordable homeownership units by seven million over the next 10 years (goal set in 2004).

The President's FY 2006 Budget will help achieve these goals by building on the successes of the last four years, and continuing to build dynamic partnerships with faith-based and community organizations across America.

American Dream Downpayment Initiative:

- To help needy families overcome the obstacle of saving enough cash for down payments and closing costs, the President requests \$200 million for the American Dream Downpayment Act to help low-income families purchase their first homes.

Housing Counseling:

- The Budget proposes \$40 million for Housing Counseling to prepare families for homeownership, identify predatory-lending practices, and help current homeowners avoid default.

FHA Zero Downpayment and Payment Incentives:

- The Budget proposes two new mortgage programs. The Zero Downpayment mortgage allows first-time buyers with a strong credit record to finance 100 percent of the home purchase price and closing costs. For borrowers with limited or weak credit histories, a second program, Payment Incentives, reduces mortgage-insurance premiums after a period of on-time payments. In 2006, these new mortgage programs would help more than 250,000 families achieve homeownership.

Single Family Homeownership Tax Credit:

- The President proposes the Single Family Homeownership Tax Credit that will increase the supply of single-family affordable homes by up to an additional 50,000 homes annually. Under the President's plan, builders of affordable homes for middle-income purchasers will receive a tax credit. State housing finance agencies will award tax credits to single-family developments located in a census tract with median income equal to 80 percent or less of

area median income , with occupancy limited to homebuyers in the same income range. In total, the tax credit will provide \$2.5 billion over five years.

Homeownership Vouchers:

- This innovative program helps low-income families who were renting through the Section 8 program become homeowners. In 2006, the program plans to help an additional 5,000 families achieve homeownership. The Homeownership Voucher program, while still new, has successfully paved a path for low-income Americans to become homeowners. Strong and committed collaboration among public housing agencies, local non-profits, and lenders, as well as pre- and post-homeownership counseling for families has proven essential in making the program work.

Neighborhood Reinvestment Corporation:

- The Budget increases funding for the Neighborhood Reinvestment Corporation to \$118 million. The Corporation, a public nonprofit organization chartered by the Congress in 1978 and independent of HUD, is working to expand minority homeownership. The Corporation is pledging to provide direct assistance to over 170,000 families in 2006 through affordable mortgage and rehabilitation lending, comprehensive homebuyer education, and counseling services.

Ending Chronic Homelessness:

- In the FY 2006, the Budget commits record resources to ending chronic homelessness in America. The FY 2006 budget includes a request for \$1.415 billion for Homeless Assistance Grants.
- In 2004, the Federal Collaborative Initiative to End Chronic Homelessness, through HUD, and the Departments of Health and Human Services (HHS) and Veterans Affairs (VA), funded 11 grantees across the country. Building on the success of this initiative, in 2006, the Samaritan Housing Initiative will provide up to \$200 million through HUD in new housing subsidies paired with case management specifically targeted to this population.
- Through the proposed consolidated Homeless Assistance Grants program, HUD will provide housing and supportive services funding for case management in order to match homeless persons with existing services funded by other departments, such as Medicaid, SCHIP, Food Stamps, Temporary Assistance for Needy Families, Ryan White, and Workforce Investment Act.

Housing for Special Populations:

- \$268 million is being requested for Housing Opportunities for Persons with AIDS (HOPWA). This program provides grants to States and localities to provide housing to ensure persons with AIDS can continue to receive health care and other needed support. In 2006, HOPWA funding will assist over 67,000 households with housing assistance across 124 jurisdictions and through 25 competitive grants.

Housing for Returning Ex-offenders:

- The President announced in his 2004 State of the Union Address a four-year, \$300 million Prisoner Reentry Initiative to help individuals leaving prison make a successful transition to community life and long-term employment. The President's Budget provides \$75 million for this initiative in 2006, including \$25 million within HUD.